(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR APPROVAL OF A SPECIAL CONTRACT WITH THE CASCADE EAST SUBDIVISION LINE EXTENSION ASSOCIATION. | )))))) | CASE NO. IPC-E-96-6ORDER NO.  26453 |

On April 22, 1996, Idaho Power Company filed an Application for approval of a special contract with the Cascade East Line Extension Association (CELEA; Association). The contract terms vary from Idaho Power’s Tariff No. 101, Rule H, which provides for charges for the construction of distribution line installations or alterations.  The contract was negotiated after the president of the Association contacted the Commission  concerning the availability of line extensions to subdivision property. The contract provides for a line extension to 17 lots located within the Cascade East I and II and Osprey Heights Subdivisions located in Valley County, Idaho and treats the Association as a subdivider for purposes of vested interest refunds.  By this Order the Commission approves the contract between Idaho Power and the CELEA.

The Company’s existing Rule H requires that undeveloped subdivisions (existing unserved subdivisions) use the individual applicant or additional applicant provisions for payment, extension allowances and refunds.  Using those provisions in this case would require seventeen (17) individual applications for service, a large line extension investment by the first applicant or several individual line extensions, multiple vested interests and refunds.  Also, specifically addressed in the tariff are line extensions to new subdivisions.  Under these provisions, the developer of the subdivision pays 100% of the line extension costs and then receives a refund when each lot within the subdivision takes service.  Developers can also receive vested interest refunds when customers connect to off-site line extensions.

The agreement reached by the CELEA and Idaho Power utilizes tariff provisions for both individual customers and subdivision developers to simplify the line extension requirements.  As a subdivision, CELEA will be considered a developer who pays 100% of the line extension costs to serve CELEA members.  The CELEA members will pay the estimated $46,000 for the cost of installing a three-quarter mile power line extension.  As each of the 17 lots takes service, a refund will be provided to the Association.  Additionally, as in the case of a developer, CELEA will receive vested interest refunds from all other applicants connecting to its line extension.

As individual applicants, CELEA members will pay an equal portion of the line extension costs and receive a refund when each takes service. The refund will be based on the individual refund provisions of $2,000 for each customer with all electric and $1,500 for service without electric space and water heating.  Vested interest refunds received from other applicants will be spread equally among the CELEA members.  Finally, each member will be responsible for any other outstanding costs of bringing power to their lots.  Although not specifically stated in the Agreement, these costs could include additional line extensions and underground/overhead service cost differentials.  Staff recommended approval of the Line Extension Agreement between the Company and CELEA.  The president of the Association also filed a written request asking the Commission to approve the Agreement.

FINDINGS AND CONCLUSIONS

Although the Agreement utilizes an unusual mix of Rule H provisions for individual applicants and subdivision developers, we believe this is an unusual situation and that approval of the Agreement does not unduly discriminate against any CELEA members or past applicants, nor does it present problems for future applicants.  The proposed Agreement simply streamlines line extension rules to the benefit of the Company, the CELEA members and other subsequent applicants.  We find the terms of the Agreement to be fair, just and reasonable, and conclude that the Agreement should be approved.

O R D E R

IT IS HEREBY ORDERED that Idaho Power’s Application for approval of the special contract with the Cascade East Line Extension Association is approved.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No.  IPC-E-96-6 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. IPC-E-96-6.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of May 1996.

                                                                                                                                       RALPH NELSON, PRESIDENT

                                                                                            MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

May 17, 1996